

PUBLICATION

The Seniors Housing Crisis: Opportunities for Developers and Contractors

Authors: Luke Preston Cantrell, Craig A. Penny, Erin E. Gomez

May 15, 2025

Aging Baby Boomers are bringing higher-than-ever demand to the seniors housing market, and prudent developers are looking to build additional facilities now. This significant and immediate need for additional seniors housing presents a great opportunity for both developers and contractors, but these projects bring unique challenges everyone should be prepared to address.

America Needs to Build More Seniors Housing

The "Baby Boomers," born between 1946 and 1964, will begin turning 80 in 2025 and are already moving into the country's limited seniors housing supply. Between 2025 and 2032, the U.S. population over 80 is expected to grow by more than four million. While more seniors are choosing to "age in place" and receive care in their own homes, this is challenging and unaffordable for many, especially as life expectancy increases. Industry experts accordingly predict that significantly more housing will be needed for America's aging population in the near future.

Despite this impending "silver wave," as many in the industry refer to it, development of seniors housing facilities is not keeping up with projected market needs. According to the National Investment Center for Seniors Housing & Care (NIC), current seniors housing development is only meeting roughly a third of the projected growth in demand for units, and that demand is expected to more than double by 2027. Further, existing seniors housing is aging – roughly 45 percent of available seniors housing inventory is 25 years or older – which may further impact the supply of seniors housing inventory available to Boomers.

America needs to build more seniors housing, and fast.

Contractors and Developers Should Be Aware of Unique Issues and Stakeholders That Impact Construction of Seniors Housing Projects

In many regards, seniors housing projects may look and feel similar to typical multi-family and even health care projects. Yet, these projects' needs for residential accommodations, health care capabilities, and comprehensive accessibility require unique considerations. For example, a seniors housing facility that combines independent living and assisted living may not be contemplated in local zoning codes, especially in rural areas. Proposed projects in these areas may require amendments to zoning codes. Negotiation of water and sewer availability fees in such jurisdictions may also require special attention.

Additionally, seniors housing projects often involve unique stakeholders and funding sources that are different from other asset classes. Non-profits are more likely to be participants in seniors housing projects than typical multi-family projects. These non-profit stakeholders often have more complex funding structures and may be receiving funds from a combination of public funds, philanthropy, private partnerships and investors. Such funding sources have unique and more burdensome reporting and authorization criteria that contractors will be expected to support and accommodate. Traditional banks lending to for-profit developers will often originate from health care platforms within the bank, rather than other commercial real estate platforms. These loans are typically more complicated than non-health care loans.

Experienced Counsel Can Help Navigate and Plan for These Specific Challenges

Developers and contractors have a great opportunity to help America meet its seniors housing needs in the upcoming years, but both should be prepared for the particular needs and challenges of these projects. Baker Donelson attorneys experienced in this space can help work with authorities having jurisdiction on preliminary zoning and utility access, ensure contracts appropriately account for unique lender and stakeholder requirements, and limit contractual delay exposure for known risks. Further, with its deep presence in the seniors housing community, Baker Donelson can connect clients with experienced contractors, lenders, investors, and facility operators in the seniors housing space.

Our [Construction Group](#) and [Seniors Housing and Long Term Care Group](#) are here to help answer your questions about seniors housing development. To plan your next seniors housing project or simply to discuss these issues in further detail, please reach out to the authors or a member of these Groups.